

## **HIGH SCHOOL CORE AREA**

### **Economics**

**Standard ECON-2** The student will demonstrate an understanding of markets and the role of supply and demand in determining price and resource allocation.

**ECON-2.1** Explain the law of supply and demand, including the relationships of critical determinants (e.g., consumer income, tastes, and preferences; technology; the price of inputs) and the effects of change on equilibrium, price, and quantity

**Taxonomy Level:** B 2 Understand /Conceptual Knowledge

#### **Previous/future knowledge:**

In first grade (1-6.4) students recognized the roles of producers and consumers and the ways in which they are interdependent. In second grade (2-5.1, 2-5.2) students identified examples of markets and price in the local community, explained the roles of buyers and sellers in creating markets and pricing, and summarized the concept of supply and demand and explained its effect on price. Also in second grade (2-5.3) students recognized that people's choices about what they buy will determine what goods and services are produced.

In third grade (3-5.1, 3-5.3) students summarized developments in industry and technology in South Carolina in the late nineteenth century and the twentieth century; and summarized the changes in South Carolina's economy in the twentieth century, including the rise and fall of the cotton/textile markets and the development of tourism and other industries. Second grade students (3-5.4, 3-5.5) also explained the impact and the causes of emigration from South Carolina and internal migration from the rural areas to the cities, including unemployment, poor sanitation and transportation services, and the lack of electricity and other modern conveniences in rural locations; and explained the effects of the Great Depression and the New Deal on daily life in South Carolina, including the widespread poverty and unemployment and the role of the Civilian Conservation Corps.

In the fifth grade (5-2.3, 5-3.1) students summarized how railroads affected development of the West, including their ease and inexpensiveness for travelers and their impact on trade and the natural environment and explained how the Industrial Revolution was furthered by new inventions and technologies, including new methods of mass production and transportation and the invention of the light bulb, the telegraph, and the telephone. Fifth grade students (5-3.3, 5-4.2) also explained the effects of immigration and urbanization on the American economy during the Industrial Revolution, including the role of immigrants in the work force and the growth of cities, the shift from an agrarian to an industrial economy, and the rise of big business; and summarized the stock market crash of 1929 and the Great Depression, including economic weakness, unemployment, failed banks and businesses, and migration from rural areas. As well, fifth grade students (5-5.2) summarized changes in the United States economy following World War II, including the expanding job market and service industry, consumerism, and new technology.

In seventh grade (7-3.5) students explained the impact of the new technology that emerged during the Industrial Revolution, including changes that promoted the industrialization of textile production in England and the impact of interchangeable parts and mass production. While in eighth grade (8-7.1, 8-7.2)

students summarized the significant aspects of the economic growth experienced by South Carolina during and following World War II and provided examples of the expanding role of tourism in South Carolina's economy, including the growth of resorts and development along the coast and the expanding transportation systems that allowed greater access to recreational sites. Students (8-7.3, 8-7.5) also explained how the increased industrialization and mechanization, the reduction in cotton production, and the emigration of African Americans both resulted from and contributed to agricultural decline in South Carolina; and explained the economic impact of twentieth century events on South Carolina, including the opening and closing of military bases, the development of industries, the influx of new citizens, and the expansion of port facilities.

### **Future Knowledge**

While no future knowledge is required students must have a general understanding of the market economy in order to be informed, rational consumers throughout their lives. Students will live and work in a market-based economy and must therefore, have a general understanding of key characteristics of the market forces of supply and demand.

### **It is essential for students to know**

Students must know the definitions of supply, demand, price, quantity supplied, and quantity demanded. It is also essential that students know examples of suppliers and understand that consumers demand goods and services. Students should clearly understand what happens to supply when things like technology or wages change. For example, what happens to the supply and price of a good or service if the technology used to produce it increases or the wages of the workers increase?

Students should also understand what happens to demand when things like consumer income or trends change. Students will understand the graphical illustration of both supply and demand. They should be able to identify the equilibrium price and quantity and further to identify what happens to price when a market is not in equilibrium. It is also essential that students should understand the determinants of demand and supply. Students should further understand the kinds of movements in the supply or demand curve that these determinants cause.

### **It is not essential for students to know**

Students do not need to understand what happens with a quota, price ceiling or price floor. It is also not essential for students to understand the precise impacts of taxation or government regulation on supply and demand.

### **Assessment guidelines:**

Appropriate assessment requires students to ***explain*** the law of supply and demand; therefore, the primary focus of assessment should for students to ***summarize*** the market forces of the law of supply and the law of demand and further, to ***classify*** the various ways that price and quantity are affected by changes in supply and demand. In addition, appropriate assessments should also require students to ***recall*** how supply and demand are impacted by changes in the determinants of demand and supply.